

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

In the Matter of the Arbitration Proceedings between

JOHN HANCOCK LIFE INSURANCE COMPANY,
Petitioner,

Civil Action No.
04-10181 MLW

and

SPHERE DRAKE INSURANCE LIMITED,
Respondent.

**SECOND AFFIDAVIT OF JOSEPH P. WELCH
IN SUPPORT OF VERIFIED AMENDED PETITION TO COMPEL
ARBITRATION PROCEEDINGS AND IN OPPOSITION
TO SPHERE DRAKE'S MOTION TO DISMISS**

JOSEPH P. WELCH, being duly sworn, deposes and says

1. I am a Vice President and Treasurer of John Hancock Management Company and General Director of John Hancock Life Insurance Company ("John Hancock"). In that capacity, I have oversight responsibility for certain John Hancock reinsurance collections and disputes, including the disputes between John Hancock and Sphere Drake Insurance Limited ("Sphere Drake"). The documents described below have been gathered and maintained on behalf of John Hancock under my supervision and I have personal knowledge of the matters set forth herein. This Affidavit is submitted in support of John Hancock's Verified Amended Petition to Compel Arbitration Proceedings and in Opposition to Sphere Drake's Motion to Dismiss.

2. Between 1997 and 1998 John Hancock (f/k/a John Hancock Mutual Life Insurance Company") and Sphere Drake Insurance Limited (f/k/a Sphere Drake

Insurance Plc and Odyssey Re (London) Ltd., hereinafter "Sphere Drake"), entered into twenty-nine (29) reinsurance agreements pursuant to which Sphere Drake agreed to indemnify John Hancock ("John Hancock/Sphere Drake Ceded Contracts" or "Contracts") with regard to two types of underlying reinsurance business commonly referred to as workers' compensation carve-out business ("Carve-Out") and London Market Excess ("LMX") and similar London market business. This includes the seven reinsurance agreements (the "Seven Agreements") at issue before the Court. The remaining twenty-two (22) John Hancock/Sphere Drake Ceded Contracts are designated as follows:

(a) Specific Bridgefield – AH0103197. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 19(a) and 19(b).

(b) Specific American Phoenix – AH0111597. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 20(a) and 20(b).

(c) Specific American Phoenix – AH0111397. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 21(a) and 21(b).

(d) Specific Sun Life – AH0111497. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 22(a) and 22(b).

(e) Specific Sun Life – AH0111697. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 23(a) and 23(b).

(f) BE Whole Account XOL excludes LMX & Medical – AH0066797. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 24(a), 24(b) and 24(c).

(g) BE Whole Account XOL excludes LMX & Medical – AH0066897. True and accurate copies of the slip and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 25(a) and 25(b).

(h) BE Whole Account XOL excludes LMX & Medical – AH0066997. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 26(a), 26(b) and 26(c).

(i) BE Whole Account XOL excludes LMX & Medical – AH0067097. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 27(a), 27(b) and 27(c).

(j) CT & PH Whole Account XOL excludes LMX & Medical – AH0086997. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 28(a), 28(b) and 28(c).

(k) CT & PH Whole Account XOL excludes LMX & Medical – AH0087097. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 29(a), 29(b) and 29(c).

(l) CT & PH Whole Account XOL excludes LMX & Medical – AH0087197. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 30(a), 30(b) and 30(c).

(m) CT & PH Whole Account XOL excludes LMX & Medical – AH0087297. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 31(a), 31(b) and 31(c).

(n) Specific – Sun Life / All American Phoenix AH0109398. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 32(a) and 32(b).

(o) Specific – BE & CT LON 97 AH0036097. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 33(a) and 33(b).

(p) Specific – BE & CT LON 97 AH0036197. True and accurate copies of the slip, covernote and wording evidencing this agreement are filed herewith as Petitioner's Exhibits 34(a), 34(b) and 34(c).

(q) Specific – BE & CT LON 97 AH0036297. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 35(a) and 35(b).

(r) Specific – BE & CT LON 97 AH0036397. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 36(a) and 36(b).


(s) Specific – BE & CT LON 97 AH0036497. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 37(a) and 37(b).

(t) Specific – BE & CT LON 97 AH0036597. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 38(a) and 38(b).

(u) Specific – BE & CT LON 97 AH0036697. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 39(a) and 39(b).

(v) Specific – BE & CT LON 97 AH0036797. True and accurate copies of the slip and covernote evidencing this agreement are filed herewith as Petitioner's Exhibits 40(a) and 40(b).

SWORN UNDER THE PAINS AND PENALTIES OF PERJURY THIS 11TH DAY OF
FEBRUARY, 2004.



Joseph P. Welch

Dated: February 11, 2004